

To: The Honorable Martin Glenn

Dear Judge

I am one of the victims (list of victims - <https://blog.mollywhite.net/celsius-letters/>) who put my retirement funds into Celsius. I have 6 figures in Celsius. I would not go in details like others how this fraud has affected me in the most negative way, but over here I would like to highlight several key points

Some backgrounds

- Alex Mashinsky has been communicating every week to the community how Celsius is safer than the bank
- **He reiterated several times in the weekly meetup, our depositors money are lent out to institutional investors having over-collateralized loans, and that the interest received from institutional investors are the yields that was generated for the depositors.**
- Our risk profile and risk appetites are very much aligned to what Alex has been saying - low risks and “safer” than the bank. Hence, I am one of the many victims who put my retirement funds, in the form of stable coins in Celsius because I did not want to take risks and go through the volatility and price fluctuations in Bitcoin. Stablecoins are pegged to dollar 1 to 1.
- Celsius advertised we can withdraw our crypto/stablecoins anytime.

Filing Chapter 11

- In chapter 11 document that was filed, I was only made known Alex Mashinsky has been using our money in market making, swing trading, spot trading and other high-risk activities that was never disclosed or even mentioned in the weekly meet up, despite we asked him countless times how the yields were generated.
- **These non-disclosures of its high-risks activities in its business operation, the intentions of deceiving users week in week out, in putting their retirement funds/life-saving in Celsius, hiding the truth about the health of the financial situation as well as how the yields were generated, were the reasons many users like me were deceived, manipulated and swindled, therefore hindered us from making the right assessment/judgement/decisions throughout these 2 years.**
- If these high-risks activities had made known to us in the weekly meetup, many of us **would not have had deposited** our money in Celsius. In hindsight, you can almost Alex is robbing our money in a different way. **They have used our funds in unauthorized and undisclosed ways.**

These are ample of proofs has shown already Alex has been deceiving the community. For example, these are one of the many proof Alex has engaged in the high-risks activities that never disclosed and make known to the community prior to this.

- <https://www.ft.com/content/43d4fb5d-72a1-468c-aac8-9e11c4693f4e>
- Chapter 11 document that was filed.

D. Exchange Deployments

78. In addition to DeFi protocols and staking, Celsius engaged in five different types of exchange deployments that were overall intended to be market neutral: (i) Cash and Carry; (ii) Market Making; (iii) Swing Trading; (iv) Funding; and (v) Spot Trading.

79. ***Cash and Carry.*** This strategy involved Celsius trading and leveraging demand in the futures markets to benefit from the funding costs that long futures holders were willing to pay short holders. To achieve this without market exposure, a typical trade would start with a stablecoin and would include buying digital assets in the spot market and shorting them in the futures market.

80. ***Market Making.*** For this strategy, Celsius held both long and short futures positions (ensuring market neutrality) in a manner that allows Celsius to benefit from inefficiencies in the futures market.

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81. ***Swing Trading.*** Similar to Market Making, this strategy involved Celsius holding both long and short futures positions, but with an imbalance between the amount of long and short options Celsius held. This allowed Celsius to benefit from its experience being an active participant in the futures market. Since this trading activity was not market neutral, Celsius had set narrow risk limits on such activity which were also accompanied by strict stop-loss mechanisms.

82. ***Funding.*** This is an activity in which Celsius used the funding markets that exist in several exchanges, allowing users of such exchanges to borrow different digital assets from Celsius' account on such exchange, to be used for trading on the same exchange, paying Celsius a financing fee.

83. ***Spot Trading.*** For this strategy, Celsius kept a portion of the assets on exchanges to be ready for immediate spot transactions between one digital asset and another, where this was needed to balance its assets versus liabilities, to prevent cross-currency exposure. This was a hedging strategy rather than an income-generating activity.

84. As of the Petition Date, Celsius maintains limited exchange deployments in certain futures, but does not intend to engage in any exchange deployments in the near term.

Suggestions for Actions to be Taken

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Geo L • 6d ago

What I am going to write is very important and thus I will write in capitals. I am a German lawyer so excuse me for my poor English.

IF CELSIUS CUSTOMERS WANT A CHANCE TO GET SOME OR MOST OF THEIR STOLEN MONEY BACK, THEN THIS HAS TO BE HANDLED AS A "CRIMINAL MATTER", NOT A FAILED BUSINESS IN A BANKRUPTCY PROCEEDING. SO, IF YOU FEEL YOU HAVE BEEN DEFRAUDED BY MASHINSKY AND CELSIUS (AND YOU REALLY DID) THEN YOU HAVE TO CONTACT YOUR STATE ATTORNAY GENERAL AND FBI AND OPEN A COMPLAIN. IF YOU DO THIS AND THEN THIS IS TREATED AS A PONZI SCHEME (A CRIME) THEN FUNDS CAN BE SEIZED, MASHINSKY AND OTHERS INDICTED AND HELD FOR TRIAL AND HOPEFULLY CONVICTED AND SENTENCED TO PRISON FOR BANK FRAUD/WIRE FRAUD/MONEY LAUNDERING.

DO NOT SIT BACK AND EXPECT THE BANKRUPTCY JUDGE OR THE CREDITORS COMMITTEE TO RESCUE YOU. THEY WONT.

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- If anything, we don't need the yields anymore. However, **the principals need to be returned back to us because Alex Mashinsky has deceived and misled us into putting our retirement funds and life-saving in Celsius without giving the correct information or even hiding the truth, for us to make the right judgement on the risks involved** while he was also intentionally hiding the real business operation and how the yields were generated. **Let me re-emphasize again, he has been saying week in week out, our money is safer than the bank because the depositors money were lent out to institutional investors having over-collateralized loans.**
- **It's only reasonable and fair we get back our stablecoins in full.** Stablecoins is pegged 1-1 to dollar, and our deposited stablecoins do not benefits from any upside profits or downside loss, regardless of the Bitcoin price directional movement (up or down). I was one of the many victims, took the least risks by avoiding the price fluctuation and volatilities of the crypto market, hence we converted our bank USD dollar into stablecoins, deposited our stablecoins in Celsius in light of all the good things Alex has been communicating weekly - how depositors money are safer than bank to us and it's low risks to put our life-saving/retirement funds in it.
- We are unsure how much more he directed his team to hide or hold back the real information we need for investigation or even steal crypto from us (as some alleged), but we would like your wisdom and timely judgement in removing Alex and his existing teams from running the business ever again as having him in Celsius at the moment is just going to obfuscate the legal investigations and draining the depositors' more money through legal fee(s) and other unnecessary costs involved. It's best we don't throw good money after bad. The obfuscation of the investigation was quite telling when it shows in the "341 meeting of Creditors" in the call with the presence of state regulators, US trustee, creditors that the CFO couldn't even answer few critical questions and that he was attempting to avoid answering those, while the same time he was telling us they managed to bring back another 60 million USD back from Bitfinex. God knows how much more our money were hidden elsewhere or siphoned out. Nobody would believe the hole was this huge was attributed by running a normal lending business, common sense just tell us it was due to shenanigans activities going on behind the scenes.
- While you are running the show in helping the recovery process, we would like your assistance to direct this very obvious fraud case to FBI as well as for the misrepresentations, manipulation, and deceitful crime Alex Mashinsky has intentionally committed. He had ruined thousand of lives already, not changing their lives for the better, but for the worst (<https://blog.mollywhite.net/celsius-letters/>). **Do not let him hide under the chapter 11 protection and ruin another thousand lives again in the future. This observation and proof about how Alex had deceived and mislead us, did not come from myself only, but people from all walk of life are sharing the same view who had been listened to his weekly live communication.** We wish the court can call for the bankruptcy case and investigation on the fraud case to run in tandem, to expedite the process of bringing justice and recovery to the depositors whom many had put their retirement funds/life saving in Celsius.

Please consider the victims first and foremost when making your decision. Thank you for your time.

Your sincerely,
Gary. N